

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
GLOBAL EXPEDITED PACKAGE SERVICES 3 (MC2010-28)  
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2015-63

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 1**  
(May 15, 2015)

The United States Postal Service (Postal Service) hereby provides its responses to Chairman's Information Request No. 1, issued on May 13, 2015. Each question is stated verbatim and followed by the response. Because portions of the questions and the Postal Service's responses include non-public information, the Postal Service has filed its responses under seal and included redacted versions in this filing. The Postal Service incorporates by reference its application for non-public treatment for the protection of these materials in its initial notice in this docket.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S  
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1. In Article 14 Postage Updates, the Agreement states that "[i]n the event that the USPS incurs an increase in costs [REDACTED], the USPS shall notify the Mailer and modify the prices established under this Agreement." Agreement at 3. The Commission calculates that an increase in costs [REDACTED] would cause cost coverage for this contract to fall below 100 percent. Please confirm the Commission's calculation.

**RESPONSE:**

Confirmed.

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2. Please explain how the Commission can be assured this contract covers its attributable costs in the event there is an increase in costs [REDACTED] without the contract partner paying a higher rate.

**RESPONSE:**

Article 12 of the contract allows the Postal Service to terminate the contract with only 30 days' notice. The Postal Service will monitor the costs associated with this contract and if the costs increase in such a way that no longer makes the contract profitable, the Postal Service can terminate the contract accordingly. The cost coverage for this competitive contract is within the cost coverage set forth in Governors' Decision No. 11-6, a copy of which the Postal Service included in its initial filing in this docket.

Furthermore, the financial workpapers filed with the contract include a contingency of [REDACTED] to accommodate for cost increases.